



NEWS RELEASE

Internal Revenue Service - Criminal Investigation
Los Angeles Field Office
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Former Moreno Valley Return Preparer Pleads Guilty to Tax Fraud Scheme

Scheme Claimed Fraudulent Tax Refunds Totaling Over \$5.8 Million

Los Angeles – The former operator of a Moreno Valley based tax preparation business pleaded guilty today to a massive scheme to defraud the Internal Revenue Service through the filing of bogus tax returns claiming tax refunds.

Nancy L. Hilton, 69, pleaded guilty before United States District Judge Dean D. Pregerson to conspiring to defraud the United States with respect to claims, submitting a false claim, and possession or use of a means of identification to commit unlawful activity.

According to the plea agreement, in approximately January 2008, Hilton entered into a scheme with at least five other individuals to defraud the United States by filing fraudulent tax returns and collecting the tax refunds resulting from those fraudulent tax returns. Hilton's role in the conspiracy included preparing fraudulent tax returns as well as supervising the preparation of fraudulent tax returns through her tax preparation business located in Moreno Valley.

Hilton would meet with members of the conspiracy who gave her names, dates of birth, and social security numbers of numerous people, which Hilton used to file fraudulent tax returns in the names of those people. Hilton would keep a portion of the illicit refunds which resulted, typically 50 percent. Hilton knew that all of the fraudulent returns she filed contained false information. Some of the returns contained false wage and withholding information, while others contained false business loss figures on the attached Schedule C. When Hilton learned of the government's investigation into her tax preparation business, she intentionally

deleted data from the business's computers in an attempt to obstruct the government's investigation.

During the preparation of one client's tax return in 2009, Hilton included false information on the Schedule C. Hilton assured the client that if necessary she could prepare fraudulent receipts to substantiate the false information on the return. Hilton filed the return on her client's behalf, and it generated a refund of approximately \$7,943, of which Hilton received a portion for her fee.

The total amount of refunds claimed by members of the conspiracy for tax years 2008 and 2009 based upon fraudulent information was at least \$5,841,584; the total amount of refunds paid and lost by the IRS based upon those returns was approximately \$4,408,950.

As a result of the guilty plea, Hilton faces a statutory maximum sentence of 30 years in federal prison when sentenced by Judge Pregerson on July 6, 2015. She has further agreed to pay restitution to the IRS of \$4,408,950.

The investigation of Hilton's fraudulent tax business was conducted by IRS Criminal Investigation and the U.S. Secret Service, in conjunction with the United States Attorney's Office for the Central District of California.

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